ONTARIO ADVISORY COUNCIL
ON WOMEN'S ISSUES

STATEMENT

TO THE

STANDING COMMITTEE ON GENERAL GOVERNMENT

RE

BILL 170 - AN ACT TO REVISE
THE PENSION BENEFITS ACT

APRIL 16, 1987

The Ontario Advisory Council on Women's Issues congratulates the Ontario Government for its leadership in the area of pension reform. We are pleased that many of the recommendations in our 1983 brief on pensions have been incorporated into Bill 170, in particular, earlier vesting and locking-in provisions, coverage of part-time workers, improved survivor benefits, continuation of pension after re-marriage, and the removal of sex discrimination in pension benefits.

However, we wish to raise the following concerns:

Inflation Protection

The Council reiterates its recommendation that a measure of inflation protection be provided by employer-sponsored pension plans, whether through the excess interest approach or by adjustments based on a fixed portion of increases in the Consumer Price Index. Inflation protection is crucial to women's pensions given women's ever-increasing longevity.

Coverage for Part-time Employees

We are particularly pleased that part-time employees will now be eligible to join pension plans. However, we recommend the following changes:

> Section 32(3) states that "a pension plan may require not more than twenty-four months of less than full-time continuous employment with the employer with earnings of not less than 35 per cent of the Year's Maximum Pensionable Earnings in each of two consecutive calendar years immediately prior to membership in the pension plan, or such equivalent basis as is approved by the Superintendent, as a condition precedent to membership in the pension plan."
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> The words "continuous employment" may allow an employer the opportunity to terminate or lay-off a part-time employee just prior to the 24-month eligibility period. Currently many establishments deny benefits to their part-time employees by keeping their hours of work just below the limit. A majority of these workers are women who suffer not only from low pay but from lack of benefits as well.
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> Therefore, the Council recommends that the word "continuous" be deleted.

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The level of earnings qualification of 35% of Y.M.P.E. in the preceding two years will disqualify a majority of part-time employees from joining employer-sponsored pension plans.

Therefore, we recommend that Section 32(3) be amended to "25% of Y.M.P.E."

Also, we recommend that it remain the option of the part-time employee to join the pension plan.

Part-time employees should be allowed continuing access to employer-sponsored pension plans. Therefore, we recommend that the words "prior to membership in the plan" be deleted, and substituted with "before the year in which membership is applied for".

Section 35 states that "an employer may establish or maintain a separate pension plan for employees employed in less than full-time continuous employment if the separate pension plan provides pension benefits and other benefits reasonably equivalent to those provided under the pension plan maintained by the employer for employees of the same class employed in full-time continuous employment."

We are concerned that this section does not ensure that employers are required to set up the same types of pension plans for both full-time and part-time employees. For example, an employer may set up contributory plans for part-time employees while maintaining non-contributory plans for full-time employees.

Therefore, we recommend that where an employer has a non-contributory plan for full-time employees, a similar plan be required for part-time employees.

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Joint and Survivor Benefits

Section 47(1) states that "the persons entitled to a joint and survivor pension benefit may waive the entitlement..."

As an additional protection, we recommend that before such a waiver is accepted, a written statement be provided which outlines the exact effect the waiver will have on the pension benefit of each of the spouses.

The Council is concerned that recent statements by the Minister of Financial Institutions regarding the feasibility of inflation protection of pensions, will undermine the Ontario Government's stated strong commitment to inflation protection. If the Government is serious in its desire to ensure that women are not destined to be poor in their older years, it must include inflation protection in any package of pension reform.

The Ontario Advisory Council on Women's Issues urges the Ontario Government to continue working with the federal government to maximize the opportunity for women to obtain pensions in the workplace and at home, and to encourage flexibility in order to accommodate the various roles of women in society.

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RECOMMENDATIONS

The Ontario Advisory Council on Women's Issues recommends that:

1) A measure of inflation protection be provided by employer-sponsored pensions, whether through the excess interest approach or by adjustments based on a fixed portion of increases in the Consumer Price Index.

2) That the word "continuous" be deleted from Section 32(3) in order to prevent employers from laying-off part-time employees just prior to eligibility for a pension.

3) That the earnings qualification be lowered to 25% of the Year's Maximum Pensionable Earnings in the two preceding years.

4) That it remain the option of part-time employee to join the employer-sponsored pension plan.

5) That the words "prior to membership in the plan" in Section 32(3) be deleted and instead read "before the year in which membership is applied for", in order to ensure that part-time employees have continuing access to pension plans.

6) That Section 35 be amended to ensure that where an employer has a non-contributory plan for full-time employees, a similar plan be required for part-time employees.

7) That Section 47(1) be amended to ensure that before a waiver of joint and survivor pension benefit is accepted by the administrator, a written statement is provided outlining the exact effect the waiver has on the pension benefit of each spouse.